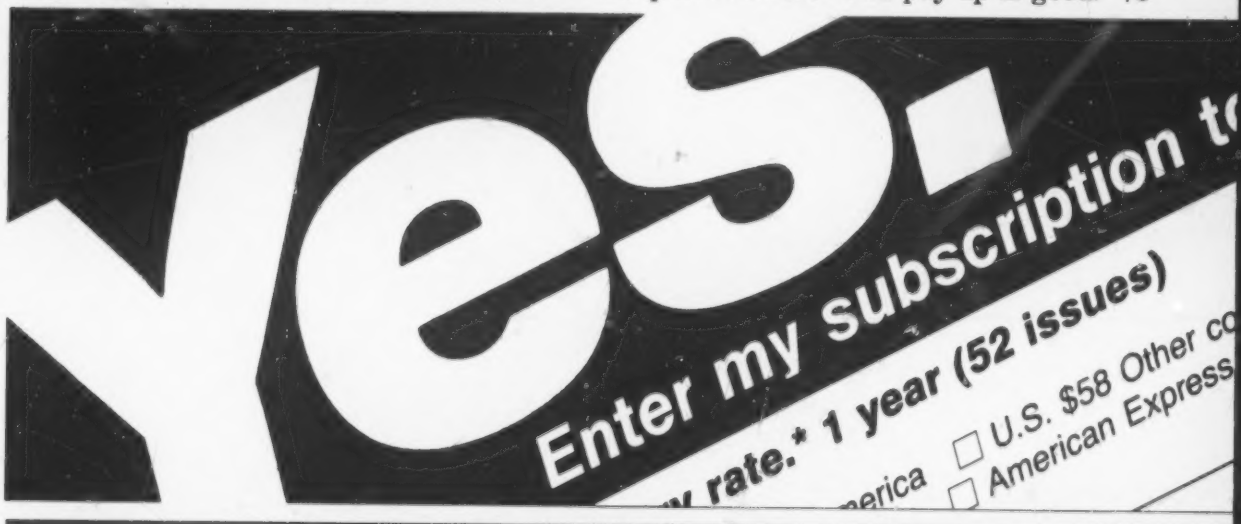
Folio:

Circulation marketing:
Let your magazine sell subs

Is *your* best promotion vehicle your own magazine? Blow-ins, bind-ins, house ads, outserts and wraparounds are inexpensive subscription sources—and pay-up is good. **78**



The basics of good writing

Creative, interesting and challenging editorial is built on a base of elementary principles. You know them, but do your junior editors? Consultant Peter Jacobi explains each of these concepts. **98**

King resigns, ABP prepares for change

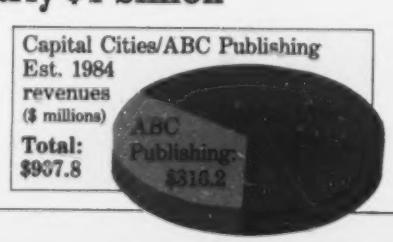
Thomas H. King, president of American Business Press since 1981, wishes to "be back in the thick of publishing." ABP prepares for major structural changes. **42**

More catalogs, 'magalogs' carry national ads

Glossy, upscale catalogs with large audiences of proven buyers mean some new ad competition for magazines. **19**

Cap Cities and ABC: Nearly $1 billion publishing base

Mammoth publishing empire to be formed by latest merger. Overlapping of several business titles in medical and metals market not a problem, say executives. **53**



June 1985

How to research readers' needs 63

Smart editors use special systems to find out how editorial serves readers. Results can be used to sharpen writing, as well as planning.

Circulation: When to use telemarketing 87

As telemarketing gains growing acceptance from advertisers and the audit bureaus, more business and consumer magazines are putting it to work in various circulation functions. But is it right for *you?*

Techniques for converting from free to paid 93

With the right circumstances and a systematic plan, you've got a good chance of getting spectacular results, according to one expert.

Ads are not risk free 111

You could be at risk if the copy in an ad you publish is incorrect, warns media attorney. But you can take steps to reduce liability.

Paper manufacturers view the future 129

Insider dialogue leads paper consultant to predict fast swings in the supply/demand tango; current softness allows publishers to maneuver, adjust mix, get ready for return of tight market.

UPDATES

Newsstand task forces formed to battle slump. 19

Installment sub billing: Most still give it 'thumbs down.' 21

***Time*'s new advertiser discount** angers Nissan. 25

Universal film could increase use of gravure. 28

Nixing 'nixies': Newest USPS program takes aim at costly undeliverables. 31

General vs. 'generic' ads: New findings revealed. 38

Tina Brown on *Vanity Fair*'s search for identity. 71

***Southern Accents*' Mitchell:** David against the Time Inc. Goliath. 73

COLUMNISTS

Germany's new approach to business magazines, by John Peter. 105

'Outsider' salespeople: How to hire, train them, by William Abbott. 109

Analyzing single-copy sales percentages, by Ron Scott. 115

Motivating the space buyer by Dave Hagenbuch. 119

Source evaluation software analyzed, by John Klingel. 121

Space advertising for subscriptions, by Eliot Schein. 125

DEPARTMENTS

Briefings 11
Hanson on Magazines 15
Calendar 51
Magazine Watch 53
Magazine People 71
Classified 132
Point of View 150

Why settle for just 'a printer' when you could have The Sheridan Press?

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10 percent.)

Speaking at a Graphic Communications Association conference, Hoyt pointed out that the nonpostage costs, including those for paper, lists and printing, must also be considered.

Under the National Change of Address program, a mailer submits a computer tape of the customer list to the Postal Service. USPS then runs the list against its own list of address changes. The mailer's list, with corrected addresses, is sent back to the mailer. In comparison, under the Address Change Service (which replaced the Postal Service's old method of sending publishers ripped-off covers of incorrectly addressed magazines), publishers, for a fee, periodically receive a computer tape from the Postal Service, which makes the publisher aware of address changes only after he has sent out undeliverable mail or magazines.

The Address Change Service started on a test basis two years ago and is currently expanding to include more mailers (see FOLIO:, January 1985, page 28). The National Change of Address program will begin in pilot in October, and be implemented a year later.□

Have newsstand sales bottomed out?

Wholesalers say '84's 4th quarter was worst in recent memory, but 1st quarter '85 may be even worse

Acapulco, Mex.—According to wholesalers who met here during the 50th anniversary convention of the Atlantic Coast Independent Distributors Association (ACIDA), 1984's fourth quarter was the "worst in recent memory."

Moreover, wholesalers said that informal sales indicators pointed toward sales for first quarter '85 being flat, or possibly being even worse than fourth quarter '84.

"Something happened in the fourth quarter of 1984 which cast a shadow over what had been, till then, a fairly good year," said Council for Periodical Distributors Associations Executive Vice President John Harrington, who delivered the CPDA industry report for the year. Magazine dollar volume net sales, which were up 10 percent through the first nine months, "plummeted to a mere 2.7 percent" in the fourth quarter [as compared with fourth quarter '83], he reported. Total net dollar sales for 1984 versus 1983 were up 7.5 percent, according to CPDA.

Based on what Harrington called a "limited but valid survey" of whole-

Drops in newsstand sales, as a percentage of total circulation*

Magazine category	% of total 1983	% of total 1984	% point decline
Men's	73.2	72.9	0.3
Women's	50.0	49.0	1.0
Science	22.3	19.1	3.2
Weeklies	40.2	38.8	1.4
Magazines overall	34.1	33.2	0.9

*Source: Based on figures from CPDA

***A significant decline** in single-copy sales as a percentage of total magazine circulation occurred during 1984 in many major categories, according to CPDA. The 1 percent drop in this indicator for magazines overall, when varying publication frequencies are considered, probably amounts to 40 million single copies annually, the association asserts. The titles included in each category are not listed.*

saler agencies, a comparison of dollar sales to average cover price of units sold showed that magazine prices per units sold declined by 4.4 percent in 1983, but were up by 10.1 percent in 1984. In these terms, despite the rise in magazine prices, CPDA estimates that there was an "adjusted" loss of 2.6 percent in units for 1984, and an adjusted loss of 7.4 percent in units during the fourth quarter.

Returns over 50%

Harrington also pointed out that returns exceeded 50 percent during the last three quarters of 1984, reaching 51.3 percent in the fourth quarter. "This marks the first time CPDA has officially certified that our retailers were forced to ship back more than they sold," he said. Overall, magazine returns were up 15 percent in 1984, according to the report.

"Throughout the industry, from wholesalers north, south, east and west, from national distributors, and from publishers, we have heard that fourth quarter '84 was the worst in recent memory," Harrington said.

When only the approximately 290 Audit Bureau of Circulations titles with single-copy circulation exceeding 10,000 are considered, a total unit sales decline of 1.8 percent occurred in 1984, Harrington added. Broken down by categories, he cited the following unit decreases: men's (not including the *Penthouse* issue that featured then-Miss America Vanessa Williams), –7.2 percent; women's, –4.5 percent; general interest, –16.1 percent; tabloids, –6.0 percent; other weeklies, –3.2 percent.

A few categories did show increases (teen magazines, up 15.5 percent; health, up 19.2 percent; home/shelter, up 8.5 percent; and TV/Soaps, up 15.8 percent). But all these categories combined, Harrington noted, account for only 7.9 percent of total sales represented by the 290 magazines.

A FOLIO: analyis of International Periodical Distributors Association (IPDA) data (based on sales figures submitted each month by IPDA national distributors to an independent accounting firm—in total, approximately 2,200 magazine titles are represented) shows a 1.6 percent increase in unit sales for fourth quarter '84 versus the same period in '83, and a 10 percent increase in dollar sales. For the total year 1984, they indicate a unit increase of approximately 2.6 percent and a dollar increase of approximately 8.5 percent.

Bad first quarter?

But sales were also not looking up for the first quarter of this year, according to the wholesalers. "If the experience of magazine wholesalers whom I have talked with from around the country is any indicator, sales in first quarter 1985 will paint an even bleaker picture" than sales in fourth quarter '84, said ACIDA President Robert Sakariassen. Harrington, contacted after the convention, said sales "might have picked up in the first few months" of this year, "but not significantly."

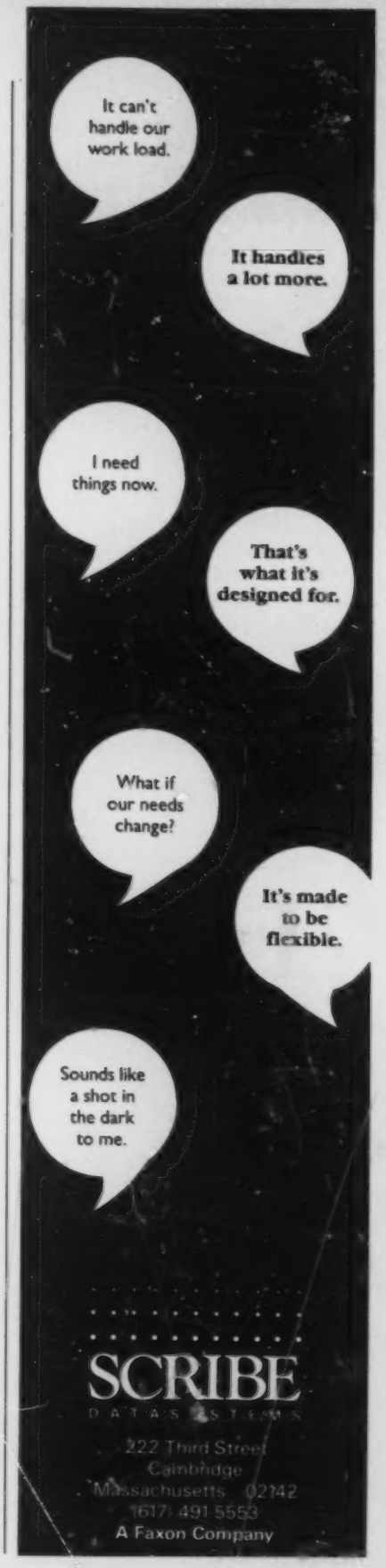
In his industry report, Harrington also noted that statistics for 1984 confirm that publishers are turning more than ever to subscriptions to meet their ad sales guarantees. As a percentage of total circulation, newsstand sales declined in many categories (see accompanying table).

Publishers, however reluctantly, have "lost faith" in the newsstand marketplace as a reliable source of circulation, because of the lack of growth there, asserted Harrington. Although publishers often say that single-copy sales are more profitable, they have been forced to commit themselves to an "unattractive" circulation mix favoring subscriptions, he added.

But Sakariassen acknowledged that, while publishers' growing emphasis on subscriptions has contributed to, and even exacerbated, the single-copy slump, a host of other—as yet little-understood—factors have undoubtedly also contributed.

"Traditionally, we have looked to sales declines as temporary aberrations which will eventually pass," he said. "But many in our industry believe that the current situation does not fit that pattern, and that we are up against profound changes in the marketplace." Included are changes in consumer lifestyle, buying habits, shopping patterns and media demands for attention, he noted, adding that these raise questions about "product availability, product presentation and product appeal" for the newsstand industry.

He pointed to the special meeting between members of CPDA, IPDA and regional wholesaler association representatives as evidence that the industry is, at least, "not sitting on its hands." (See Update, "Newsstand task forces formed," this issue, page 19.)□



ing the interim, Nicholas asserts.

The speakers offered several guidelines for selecting a personal computer for circulation purposes.

•First, determine the specific functions for which you will use the computer. Some obvious possibilities are circulation profit and loss forecasting, cash flow forecasting and budget preparation. Give particular thought to repetitive tasks and to tasks, such as special analyses, for which there never seems to be enough time.

•Survey the market for the software that is most suited to the tasks you wish to perform. Talk with someone in publishing who uses the same piece of software that you plan to use. Computer magazines can be helpful in determining the top software within a particular area.

•Don't make the mistake of just walking into a computer store and talking with an available salesperson, since that salesperson is likely to be one who is new and has yet to establish a client base. Instead, call the manager of the store to set up an appointment with the salesperson who is most experienced with the kind of equipment and software you plan to purchase, advises Nicholas.□

Agency use of syndicated data

MPA survey shows agencies rely on total audience data, but often adjust syndicated figures

New York City—Top advertising agencies rely almost equally on syndicated audience data from Simmons Market Research Bureau (SMRB) and Mediamark Research Inc. (MRI), according to a survey of 109 agencies conducted by the Magazine Publishers Association.

The survey shows that 58 percent of the agencies subscribe to MRI, while 62 percent use SMRB. (Many, obviously, get both.) However, more than half (56 percent) of the responding agencies consider SMRB their primary source for both magazine audience data and product/brand information. Of the 91 agencies that responded to the survey, 42 percent indicated that they rely primarily on MRI audience figures, 44 percent rely on MRI product data.

MPA also asked agencies if they adjust total audience figures for subsequent changes in a magazine's circulation or for other reasons. Nearly three-fourths responded that they sometimes do adjust audience levels; 10 percent noted they *always* adjust the figures.

A change in circulation was the most common reason cited by the agencies for adjusting audience levels. Most, however, do not change the syndicated data unless a magazine gains or loses at least 10 percent in circulation.

Other prime reasons for adjusting audience levels, the agencies reported, include personal judgment and trends in readers per copy.

For magazines that are not measured by one of the syndicated services used by an agency, the respondents replied that they get data in other ways: either from syndicated services or from computer simulations provided by online services or by the magazine. In some cases, the agency generates its own audience estimates. The method most often used to do this is known as "prototyping," basing estimates on audience levels of similar magazines.

As for subscriber studies supplied by magazines, one in 10 of the agencies said they always accept and use such studies, three fourths reported they sometimes do, and five percent stated they never use them.□

Why ad agencies adjust syndicated audience figures

Reason	Cited by
Significant circulation changes	86%
Judgment/estimates	58
Readers per copy trends	44
Primary/secondary readership	38
Adjust to other studies	29
In-home/out-of-home reading	27

Source: MPA

***Ninety percent of surveyed** ad agencies do adjust total audience data on magazines. As the table shows, most do so when there is a significant circulation change.*

New magazine journalism center at Columbia

Magazine journalism has been given a strong shot in the arm by Dell Publishing founder George T. Delacorte, who is donating $1.25 million for the establishment of a magazine journalism center at Columbia University.

Delacorte, who sold Dell—which publishes books and magazines—to Doubleday & Company nine years ago, is a Columbia University graduate. He had observed, according to an aide, that the number of newspapers published in New York had declined, while magazines were flourishing.

The George T. Delacorte Center for Magazine Journalism will sponsor a lecture series, student scholarships and research projects at the *Columbia Journalism Review* in addition to offering courses in magazine writing, editing, publishing and management, taught by experts in the field.□

Seven magazines form City Home Network

Houston Home & Garden, Dallas-Fort Worth Home & Garden and five other magazines, representing a combined circulation of more than 270,000, have formed the City Home Network. The magazines, all locally edited, reach affluent homeowners in their respective markets, and focus on decorating, architecture, entertaining, landscaping and local shopping.

The five other magazines are *Colorado Homes & Lifestyles, Oklahoma Home & Garden, Phoenix Home & Garden, San Diego Home & Garden* and *South Florida Home & Garden.*

According to Robert J. Krefting, president and chief executive officer of City Home Publishing, Inc., the network is in the process of completing a marketing plan and establishing new rates. Currently, a 12 percent discount is offered for placement of an ad in the Houston, Dallas and Phoenix magazines, while a 15 percent discount is given for placement in any three, or all, of the other titles. The same ad must be placed in at least three of the magazines to earn a discount.

City Home Publishing is a joint venture by Benchmark Communications and the Meredith Corporation.□

'Hello, subscriber'

The telephone can be a helpful tool to a circulation marketer, but it depends on the magazine and the situation

BY TED SCALA
ASSOCIATE EDITOR

Alexander Graham Bell would be proud. The sound of dozens of telephone conversations fills two classroom-size rooms on the eighth floor of a Manhattan office building. It's early in the evening and the tables are filled with workers. Each has a telephone and each is making call after call. The voices of the workers are even and polite. Usually college-age, they hold pencils ready for the hoped-for response.

The callers work for a telemarketing agency. Their pitches often involve selling magazine subscriptions. The scene is repeated at telemarketing agencies and publishing offices across the country.

Direct marketing has been coming of age for American business in general and for magazine publishing in particular. While direct mail is still the dominant technique in circulation, telemarketing is also being used by more and more publishers. Perhaps one of the reasons is that telemarketing seems to be gaining more respectability in the eyes of the advertising community.

Audit bureaus up phone status

In a significant move for business magazines, the Business Publications Audit of Circulation (BPA) this year started to allow the number of requesters verified by telephone to be listed, along with the number of requesters verified by written means, as "direct request." Because of the increased use of telephone verification, the Audit Bureau of Circulations (ABC) has also changed its rules. Starting July 1, 1985, ABC-audited publishers will be allowed to report nonpaid subscription orders they solicit through telephone interviews as "telecommunication." And if the calls are initiated by a qualified reader, the order will be counted "direct request." Previously, all telephone orders would have had to be reported as "other sources."

Despite telemarketing's progress, questions remain for magazine publishers. Under what circumstances is telemarketing cost-effective? The telephone can yield impressive response rates, but it can also generate fearsome bills. Also, how many prospects and renewals will be turned off by what they con-

sider an intrusion on their privacy? Might the magazine's image be damaged?

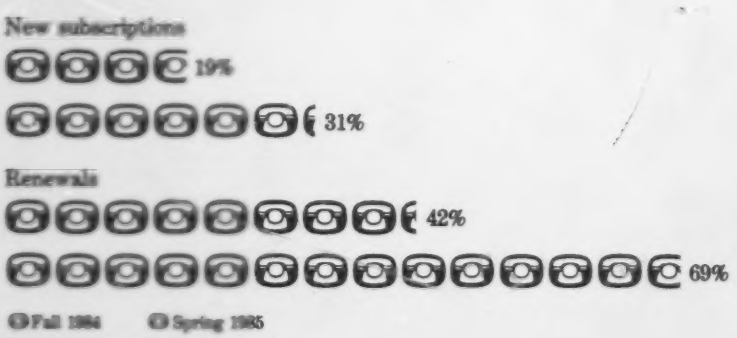
FOLIO: asked some of these questions during conversations with more than 20 circulation directors, circulation consultants and direct marketing executives.

The telephone can be used for a variety of circulation tasks. Depending on their publications' particular circumstances, circulation directors at consumer magazines rely on the telephone for renewals, collections and new subscriptions. Business magazines with paid circulations can use the telephone in the same ways. Business magazines that have nonpaid circulations can use the telephone to qualify or requalify requesters. In all cases, the telephone is usually used in conjunction with direct mail; a telephone call is commonly placed either at some point during the direct mail series, or at the end of the series in a last-ditch effort.

Telemarketing also, of course, has many uses when employed on an inbound basis for circulation marketing. More publishers are testing the feasibility of subscription marketing via cable, local and even network television spots that use toll-free 800 numbers or toll-paid numbers as direct response vehicles. Such numbers are also frequently heard in subscription promotion radio spots and seen in space ads and on bind-in and blow-in cards in magazines. The subject of in-bound circulation telemarketing, however, would fill an article of its own; the focus of this article is outbound circulation telemarketing.

More magazines are using the telephone for subscriptions and verifications. Shown here a young employee makes a call for Edward Blank Associates, a New York City-based telemarketing agency.

How magazines use the telephone in circulation marketing



***Telephone use in circulation** is growing rapidly, particularly as a means of getting renewals. A semiannual survey of approximately 100 consumer magazines shows that the percentage of magazines using the phone for renewals jumped 27 percentage points between the fall 1984 and spring 1985 surveys. Use for generating new subscriptions jumped 12 percentage points.*

Use of telephone up

While the use of the telephone in circulation marketing seems to be on the upswing, hard numbers on the trend are difficult to come by. Roberta Wexler, a spokeswoman for the Direct Marketing Association, says equipment can easily be counted, but it is difficult to determine how it is being used. The BPA reports that about 8.2 percent of the magazines that submitted December 1985 publishers statements used the telephone to qualify some of their requesters. That is up from the approximately 4 percent of member magazines that used the telephone before BPA upgraded the status of telephone-verified requesters.

E. Daniel Capell, editor of *Capell's Circulation Report*, includes questions about telephone circulation marketing in a semiannual survey of his readers. His spring 1985 survey found that 31 percent of the approximately 100 consumer magazines responding used the telephone to generate new subscriptions, as compared with 19 percent in the fall 1984 survey. Also, 69 percent surveyed use the phone for renewals, as compared with 42 percent last fall. Three percent reported using the telephone for collections, in both surveys.

Telephone gaining credibility

Circulation departments have been using the telephone to generate subscriptions for years. Jane Giles, circulation manager at *Industrial Equipment News*, expressed the view of many when she said telemarketing has been "given more credibility because BPA has changed the rules." Publishers who use telemarketing are banking on the belief that, with the rule change, prospective advertisers will regard telephone-verified readers as being just as credible as readers verified by mail.

Telemarketing also seems to be becoming more respected by circulators themselves and by the business community in general. Eugene Kordahl, a telemarketing consultant and president of the American Telemarketing Association, says the change in attitude in the business community has been the biggest change in telemarketing he has seen in his 20 years of circulation experience. Once a back-room operation, telemarketing, he notes, is now con-

ducted in neat, well-lit offices.

There is also now more planning going into telemarketing, says Kordahl. It is being better used in conjunction with traditional marketing methods, notably direct mail, and the testing is better. Also, telemarketing is being better targeted, he claims.

Bill Campbell, president of Hearst Magazines' Periodical Publishers Service Bureau, says telemarketing is booming for two reasons: The first, he says, is because postal rates have been increasing relative to long distance telephone rates. Second, knowledge about how to best use the telephone to sell has been increasing.

Kordahl credits the recent increase in telemarketing activity to an AT&T ad campaign in the early 1980s, the effects of which spilled over to benefit small telemarketing companies. But the boom in the field, Kordahl warns, has also necessitated that extra care be taken when choosing from among the many telemarketing firms that have sprung up.

Not all the changes in telemarketing are positive, however. The breakup of AT&T by the Justice Department indirectly resulted in a new problem for publishers who need directory assistance to find telephone numbers. Directory assistance formerly was offered at no charge, but now telephone companies charge about 50 cents for each number they look up.

"That does add a bit to each call," notes Hill Felder, circulation manager at ABC/Chilton, who says that telemarketing agencies pass along look-up charges to publishers.

Use depends on situation

Telemarketing is clearly a useful circulation tool, but just as clearly it is not a tool that should be used by all magazines in all situations. Those interviewed agreed that the characteristics of the magazine, its needs at the moment, and the profile of its prospective audience all play roles in determining whether telemarketing should or should not be tried.

Most magazines would, of course, prefer to make a profit on subscriptions, but sometimes a reasonable loss is acceptable in light of other factors. One publication's marketing strategy may call for holding circulation at its present level; another publication may be scrambling to meet a rate base. Some groups of readers will respond well to a telephone call, while others are permanently "in a meeting" or "taking a shower."

Most of those interviewed warn against cold calling for new subscriptions. With a renewal, the prospective subscriber already knows about the magazine. The prospect may just have forgotten to renew or may be upset over the price. Joseph Cece, circulation director for subscriptions at Murdoch Magazines, handles *New York, New Woman* and the launch, *Elle*. He uses the telephone for renewals, but says that usually it is not cost effective with new subscriptions.

"The problem is that someone who's not familiar with the magazine has to have it described in detail," Cece explains. Taking the time to describe a magazine on the telephone is hard—and expensive—to do, he says.

Cost versus response

Not surprisingly, telemarketing is judged by comparing it with direct mail. Telemarketing usually yields many more orders per call than the average direct mail piece. But telemarketing also costs much more per call than it costs to mail the average direct mail piece. The costs and revenues of each medium must be measured.

No one denies that the average cost of a telephone call is greater than the average cost of a direct mail piece. The question is whether the higher order rate for telephones offsets its costs. For Frank McCammond, subscription circulation manager at Meredith Corporation, direct mail still beats telemarketing when it comes to costs and return.

He can mail five direct mail pieces, McCammond says, for the cost of one telephone call—and the direct mail yields more orders. A test of a straight mail renewal campaign and a mail campaign with a telephone follow-up showed that the straight mail campaign pulled better, he adds.

Others, however, obviously find that telemarketing is cost efficient. Joe Bilderbach, vice president of circulation at Harcourt Brace Jovanovich Publications, says that his company was initially concerned over the comparatively high cost of telemarketing. An in-house telephone reverification of requesters was running $1.50 to $2 per completion versus about 35 cents to 45 cents per piece for direct mail. The price differential, however, became less of a factor, he says, when the company figured out what its direct mail costs

"The telephone is usually not cost effective for new subscriptions, because someone who is not familiar with the magazine has to have it described in detail."

would be to reach response rates that are equal to the excellent response rates from the telephone efforts.

Normal response for direct mail is 50 percent or more for reverification mailings to subscribers who previously responded in the last 12 months on a first time basis, he says. The response rate drops to 20 percent or less for subscribers who have not responded within two years or more. In comparison, telemarketing obtains more than 85 percent contact rate on all names supplied and achieves a 75 percent positive response, Bilderbach reports.

What it costs

It is difficult to quote general cost figures or general success rates for telemarketing. Telemarketing agencies adjust their commissions or, if applicable, their hour rates, according to their own costs and according to the characteristics of the prospect list involved. Order rates also vary with how "hot" the list is. Hal Speer, a circulation management consultant, says a telemarketing agency might take up to an 80 percent commission on consumer renewals. The response rate could run 10 percent or more, he says.

Kordahl says there are so many variables it is impossible to give an average price. He notes, however, that as a general rule, a telephone call will pull two to seven times more orders than direct mail when those calls are used in conjunction with direct mail.

A hypothetical example of what might happen with a consumer magazine list of 1,000 names was offered by Geri Gantman, executive vice president at Telephone Marketing Resources, a telemarketing agency. First, she says, the telemarketing agency conducts a search for the telephone numbers of the prospects on the list. The search costs $125 and results in 350 names being eliminated because telephone numbers can't be found for them.

Out of the remaining 650 names, about 425 contacts might be made at a cost of $2 to $5 per contact, she says. Of those contacted, 30 to 40 percent renew their subscriptions.

Gantman explains that the cost per contact varies according to how hard it is to reach the prospect. For a business magazine the cost might be $4 to $10 per contact.

When phone enters campaign

Publishers usually begin a comparison of direct mail and telemarketing by looking at what their direct mail is costing them and how many orders it is generating; they then look at the costs of and the orders generated by a telemarketing campaign. Most outgoing telemarketing is performed in conjunction with a direct mail campaign,

Inside vs. outside

Let outside firms have telemarketing headaches, advise some circulation execs

In addition to deciding whether using telemarketing for circulation purposes suits his magazine, a publisher must also decide whether any telephone calling that is done should be done in-house or by an outside telemarketing company.

Resolution of the in-house versus outside-company question for telemarketing usually comes down to price and control—the same factors that dominate discussions on whether jobs such as fulfillment should be done outside or in-house.

FOLIO: asked circulation executives what route they've chosen and why they chose it. Some of their answers:

•"We don't have the time to train phone operators," says circulation director Steven A. Childs, explaining why *Texas Monthly* uses an outside telemarketing agency. In addition to having to train operators, the magazine would have to hire and train a supervisor to handle the difficult job of managing the operators, Childs adds. The circulation executive says that another problem, although less serious, is that an in-house telemarketing effort would entail the expense of having callers work after normal business hours. Most telemarketing aimed at consumers is done in the early evening when prospective subscribers are home from work.

•Giving an outside company the job of telemarketing, says Hill Felder, circulation director at ABC/Chilton, means, "They have all the aggravation!" Felder also says he doesn't have enough volume to justify setting up an in-house telemarketing operation. He adds that he suspects that an independent telemarketing company can pay its employees less than a large publishing company can.

•"Where professionals are available at reasonable cost, they are always better," claims Hal Speer, a circulation management consultant. He says his advice holds true whether the topic is fulfillment or telemarketing. Speer also says professional help is needed to write a good tele-

so the decision is usually not simply whether to use the telephone, but where to place the call within a direct mail series.

Deciding when to use the telephone with a direct mail campaign requires that the publisher look at the costs and revenue of each mail effort within the mail series. Response to direct mail campaigns tends, of course, to drop after several efforts. The trick is to start using the telephone when the net income from a particular effort starts to drop below the net income that can be achieved with telephone calls. The point at which the switch is made can even come when the net income is not a positive number, if the aim of the subscription drive is to achieve a rate base for advertising sales purposes.

Texas Monthly currently uses the telephone as a last effort on a seven-effort direct mail renewal campaign. The seven mail efforts all beat the telephone in terms of net revenue. The magazine, however, is considering whether it can move up the telephone call in the campaign if it can reduce the costs of making telephone calls.

The telephone costs, says Stephen A. Childs, *Texas Monthly's* circulation director, are "the negotiable part." Childs explains that the magazine could try to convince its telemarketing agency to reduce its hourly charge, or, if it works on a commission basis, its cut of the subscription price. The carrot that would be offered the telemarketing firm, Childs says, is that if it were allowed to make its calls higher in the series, the agency probably would realize more orders per hour.

Nonpaid circulation uses

At business magazines with nonpaid circulations, the aim is to verify and reverify requesters at the lowest cost. However, sometimes a magazine is particularly interested in signing up selected types of requesters. Advertisers may be especially interested in reaching those types of potential customers.

At *Industrial Equipment News*, Giles says the telephone is used when a three-effort direct mail campaign fails to generate a response from a particular individual or company that the magazine believes is important to be on the subscription list. "Where it really pays," says Giles, "is when the person is about to drop off and we have not heard from this person. We call and we find out that the person has left, and therefore we are able to get the name of the replacement and speak to that person."

Giles says her magazine also uses the telephone to generate new requesters at particular companies where the magazine doesn't know the names of the people it wants. On the telephone, a caller can get those names. Such telemarketing efforts, Giles maintains, are more effective than sending a company a mail piece merely addressed to "plant manager."

Telemarketing is also useful when names have to be added quickly to subscription lists, whether they are paid or nonpaid. The printing and mailing delays inherent in setting up a direct mail campaign don't exist for telemarketing.

The absence of set-up delays, points out Hal Speer, a circulation management consultant, means that telemarketing is very flexible. If a test script isn't working, another script can be substituted in a day or two.

Consider audience characteristics

The characteristics of a particular magazine's audience also are an important consideration when a circulation executive is deciding whether telemarketing is appropriate. Some types of people are easier to reach through the mail and some are easier to reach with a telephone.

At Geyer-McAllister Publications,

"Telemarketing is very flexible. If a test script isn't working, another script can be substituted in a day or two."

phone script. Definite skill is involved, he asserts.

•Jane Giles, circulation director at *Industrial Equipment News*, says she does telephone verification both in-house and with an outside agency. It depends on the situation in the circulation department at the moment. She adds that if the department has a slow period, CRT operators make verification calls. The in-house callers are less costly than an outside agency and they still generate about the same number of verifications, Giles says. The in-house callers also tend to be better at looking up numbers and are better at determining which people are qualified to receive a magazine. Giles adds, however, that when the department is busy, the telemarketing chores are farmed out to an outside company.

for example, circulation director Maureen Bradley successfully uses the telephone in conjunction with direct mail for paid renewals and credit suspensions. She says, however, that while readers of *Office Administration and Automation* tend to be paper-oriented and easy to contact by mail, readers of magazines such as *Playthings, Gifts and Decorative Accessories* and *Geyer's Office Dealer* are retailers who usually respond better to a telephone call.

Talking about the retailers, she says: "That kind of environment is not like a business structure. They're doing their paperwork on the dining room table on Sundays, and I think they just plain forget to send in their renewals and pay their invoices on credit subscriptions."

Another advantage of telemarketing relates not to generating orders, but to securing information from those who turn down the magazine. One specialty-magazine circulation director (who asks not to be identified) says a lot of valuable knowledge can be gained by asking prospects why they are not renewing their subscriptions.

Image in eye of beholder

Publishers worry that telemarketing will damage their magazine's image with both potential readers and potential advertisers. The telemarketing industry, however, claims to have cleaned up its act. Arguing the issue can be a particularly subjective pursuit.

Among those still uncomfortable with televerification is a business magazine publisher who says that, like his competitors, he uses the telephone, but he doesn't think the quality of telephone verification is as good as the quality of written verifications. He claims that people answer questions differently when they are being interviewed over the telephone than they would if they actually had to write down answers on a written verification form. Also, while the BPA rules require documentation to back up telephone verification, this publisher disapproves of telephone verification because it lacks the record provided by a paper verification form filled out by the requester.

> "Verifying that the consumer really wants the magazine helps keep the pay-up rate high."

Some in the industry, such as McCammond at Meredith, worry about using telemarketing because a telephone call can be perceived as intrusive by the recipient. Others who use the telephone for some applications take special steps to ensure that their magazine's image isn't damaged. Consultant Speer says that one of the reasons he opposes using telemarketing for cold calling for new subscriptions is that it conveys a bad image of the magazine. Such an approach recalls the huckster image of local newspaper campaigns, he claims.

Childs says *Texas Monthly* was wary that a bad telemarketing campaign could hurt the magazine's image. Because of that concern, a telemarketing agency with a soft-sell approach was chosen. Also, the telemarketing agency follows a successful sales call with another call the next day. Childs explains that a different employee of the agency checks to make sure that the original agency caller was polite. The second caller also checks to make sure that the consumer really wants the magazine.

The follow-up call, Childs explains, helps maintain the image of the magazine while at the same time it catches people who said, "yes" to the magazine on the first call, but really didn't mean it. Verifying that the consumer really wants the magazine, Childs adds, helps to keep the pay-up rate high.

While Giles says the status of telephone verification has improved, she also says that *Industrial Equipment News* still likes to follow up telephone verifications with written verifications. "The telecommunications thing is still fairly new," she says, adding "we don't really know what the reaction is going to be out in the marketplace."

Telemarketing agency executives, of course, defend their industry. Herbert Feldman, vice president of Edward Blank Associates, a telemarketing firm in New York City, says consumers don't react negatively to telephone solicitations if they are former subscribers to the magazine or if they are familiar with the magazine involved. Feldman also says "a trained salesperson is not going to push too far."

Trying to push a subscription on a consumer who doesn't want it only wastes the caller's time, Feldman says. Because a caller's performance evaluation or his actual pay is based on orders per hour, it is in his or her interest to move on to the next prospect as quickly as possible, the telemarketing agency executive maintains.

Before you hang up

When everything is said and done, using the telephone to generate subscriptions, renewals and verifications can work . . . sometimes. Whether telemarketing is right for a particular magazine depends on that magazine's goals, pressures and audience.

A way to get started in telemarketing, advises Elaine Tyson of Tyson Associates, a direct response consulting firm, is to give a telemarketing agency a chance with 500 or 1,000 names. The agency can use the names to determine its costs and the likely order rate so that it can quote a price to the magazine for regular work. The publisher can use the test to determine if telemarketing is right for his or her magazine.

Once a publisher starts a telemarketing program, he or she should constantly test its effectiveness. Says Tyson: "If you're using the telephone for renewals, one of the things you should keep looking at is (the best) position for the phone call within the series." In addition to ensuring that the call is in the most cost-effective position in the series, this type of testing will ensure that telemarketing is still a technique the publisher should be using, period.

The telephone is obviously here to stay. This tool's exact role in circulation marketing will change with the magazine, the readers and the times. Says Maureen Bradley at Geyer-McAllister: "We're fighting for our numbers. It's been a good device for us."□